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**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2002**

ESQUEMA DE 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/11/02

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CADDO LEVEE DISTRICT
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JUNE 30, 2002

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CADD0 LEVEE DISTRICT
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CADD O LEVEE DISTRICT
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STATE OF LOUISIANA
CADDO LEVEE DISTRICT
TRANSMITTAL LETTER
ANNUAL FINANCIAL STATEMENTS

August 29, 2002

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

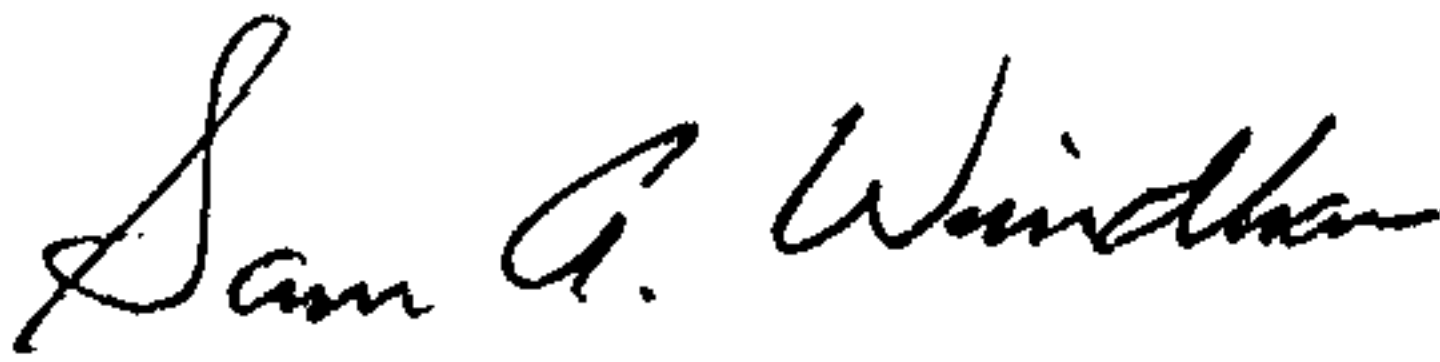
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Sirs:

In accordance with Louisiana Revised Statute 24:514, enclosed are the annual financial statements for the Caddo Levee District for the year ended June 30, 2002. The report includes only funds under the control and oversight of the Caddo Levee District.

The accompanying general purpose financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Sincerely,


Sam Windham
Administrator

Enclosure

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYBURN G. COOK (RET.)

VICKIE D. NOBLE, CPA
TED D. GREER, CPA
C. BRYAN COYLE, CPA
ALICE E. S. GREEN, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Caddo Levee District
Shreveport, Louisiana

We have audited the accompanying basic financial statements of the Caddo Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 2002, as listed in the table of contents. These basic financial statements are the responsibility of the Caddo Levee District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Caddo Levee District as of June 30, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 14, 2002, on our consideration of the Caddo Levee District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As described in Note 1 to the basic financial statements, the Caddo Levee District adopted provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments* and Statement No. 37, *Governments: Omnibus*, as of July 1, 2001. This results in a change in the format and content of the basic financial statements.

The Management's Discussion and Analysis and the budgetary information on pages 4-8 and 28, respectively, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Caddo Levee District taken as a whole. The accompanying supplementary schedules and the Division of Administration reporting package listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is prepared on another comprehensive basis of accounting and in accordance with state laws, where applicable. As a result, such schedules are not presented in accordance with generally accepted accounting principles. Accordingly, these schedules are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Cook & Morehart
Certified Public Accountants
August 14, 2002

**STATE OF LOUISIANA
CADDO LEEVE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2002**

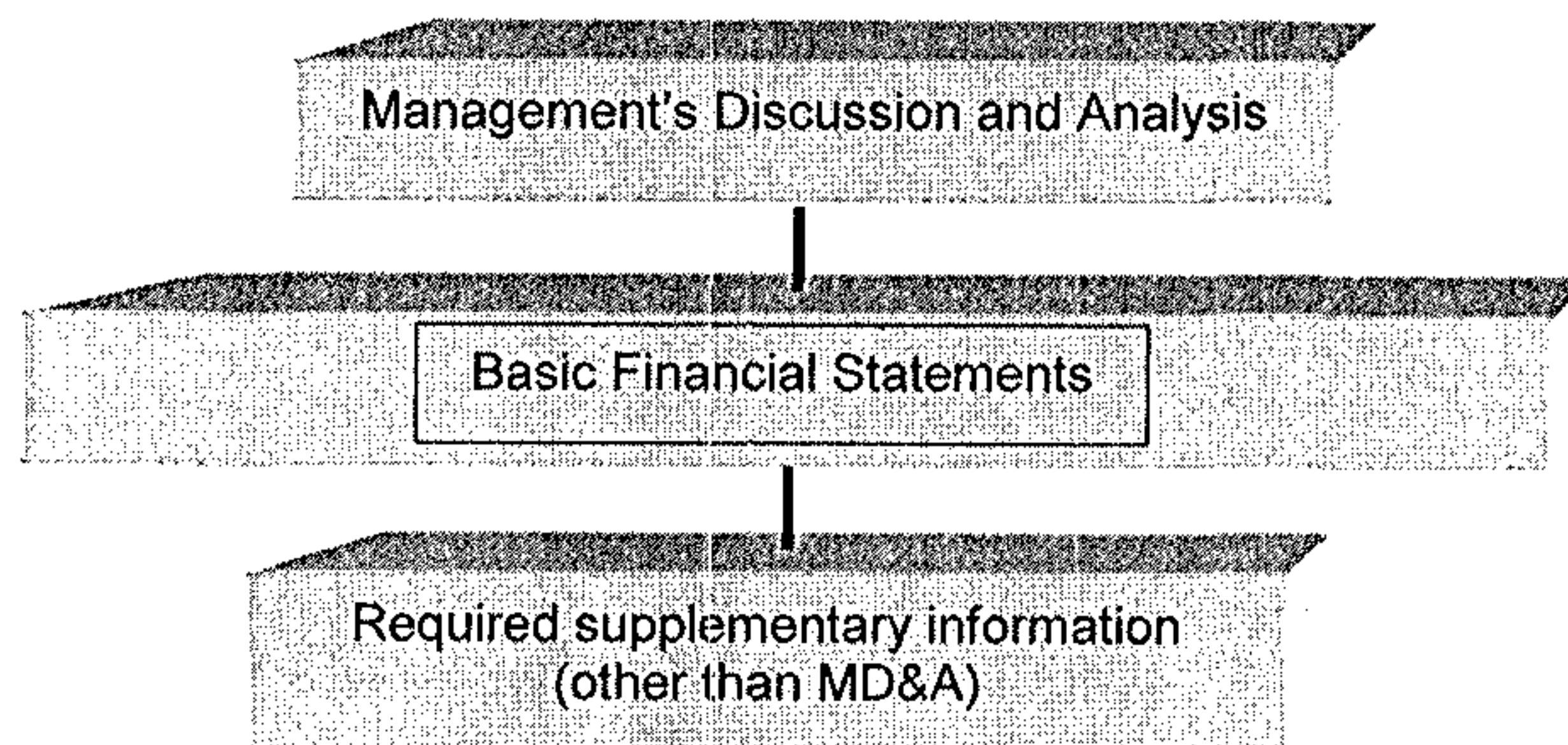
The Management's Discussion and Analysis of the Caddo Levee District's financial performance presents a narrative overview and analysis of Caddo Levee District's financial activities for the year ended June 30, 2002. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the transmittal letter presented on page 1 and the Caddo Levee District's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- ★ The Caddo Levee District had cash and cash equivalents of \$15,695,470 at June 30, 2002, which represents an increase of \$549,120 from the prior year end.
- ★ The Caddo Levee District had total revenues of \$1,568,055 for the year ended June 30, 2002.
- ★ The Caddo Levee District had property tax revenues of \$425,915 for the year ended June 30, 2002, which represents an increase of \$15,444 from the prior year.
- ★ The Caddo Levee District had total expenses, excluding depreciation, of \$1,362,002 for the year ended June 30, 2002.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for the Caddo Levee District as established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2002
(Continued)**

Basic Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities on pages 9–10 provide information about the activities of the Caddo Levee District as a whole and present a longer-term view of the District's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets and the Statement of Activities report the District's net assets and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

Fund financial statements start on page 11. All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's activities as well as what remains for future spending.

FINANCIAL ANALYSIS OF THE ENTITY

The District's net assets changed from a year ago, increasing from \$17,812,672 to \$17,899,206. The 2002 year was the first period that GASB 34 was applied. The District was not required to restate the prior periods for purposes of providing comparative data. However, our analysis below will focus on key elements of the total governmental funds for the 2002 year. In future years, when prior information is available, a comparative analysis of the funds maintained by the District will be presented.

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2002
(Continued)**

**Statement of Net Assets
as of June 30, 2002**

Current and other assets	\$ 15,785,322
Capital assets, net	<u>2,200,380</u>
Total Assets	<u>\$ 17,985,702</u>
Current liabilities	\$ 34,975
Long-term debt outstanding	<u>51,521</u>
Total Liabilities	<u>86,496</u>
Net assets	
Investment in capital assets, net of related debt	2,200,380
Unrestricted	<u>15,698,826</u>
Total Net Assets	<u>17,899,206</u>
Total Liabilities and Net Assets	<u>\$ 17,985,702</u>

Net assets of the Caddo Levee District increased by \$86,534 or .5% from the previous fiscal year. The increase is the result of non-operating revenues exceeding expenses during the fiscal year ended 2002 (see table below).

**Statement of Activities
For the Year Ended June 30, 2002**

General government	
Expenses	\$ (1,481,521)
Program revenues	
Operating grants and contributions	<u>0</u>
Subtotal	(1,481,521)
General revenues	<u>1,568,055</u>
Change in net assets	<u>\$ 86,534</u>

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2002
(Continued)**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2002, the Caddo Levee District had \$2,200,380, net of depreciation, invested in a broad range of capital assets (see table below). This amount represents a net decrease (including additions and deductions) of \$58,256, or 2.58%, from the previous year.

		Capital Assets at Year-end (Net of Depreciation)	
		2002	2001
Land	\$	1,619,514	\$ 1,619,514
Buildings and improvements		55,321	57,165
Equipment		525,545	581,957
Totals	\$	<u>2,200,380</u>	<u>2,258,636</u>

This year's major additions included:

Automobiles and equipment \$81,163

This year's major retirements included:

Automobiles and equipment \$60,355

Debt

The Caddo Levee District had \$51,521 in compensated absences payable outstanding at year end compared to \$53,335 at the previous year, a decrease of \$1,814 or 3.4% as shown in the table below.

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2002
(Continued)**

Outstanding Debt at Year-end

	<u>2002</u>	<u>2001</u>
Compensated absences payable	\$ <u>51,521</u>	\$ <u>53,334</u>

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Actual revenues were \$485,045 more than budgeted amounts due to an increase in taxable property in the District and higher than expected interest rates on deposits.

Actual expenditures were \$14,199,726 less than budgeted amounts due to the District not using the amounts budgeted for emergency construction and repairs to the levee system.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Caddo Levee District's appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Ad valorem taxes
- Interest income
- Projects under consideration
- Intergovernmental revenues (reimbursements from state and local grants)

CONTACTING THE CADDO LEVEE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Caddo Levee District's finances and to show the Caddo Levee District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sam Windham, Administrator, Post Office Box 78282, Shreveport, Louisiana 71137-8282.

STATE OF LOUISIANA
CADDO LEVEE DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2002

ASSETS

Current Assets

Cash and cash equivalents	\$ 15,695,470
Accounts receivable	89,852
Total Current Assets	<u>15,785,322</u>

Noncurrent Assets

Capital assets being depreciated, net of accumulated depreciation	580,866
Capital assets not being depreciated - land	<u>1,619,514</u>
Total capital assets, net	<u>2,200,380</u>

Total Assets	<u><u>\$ 17,985,702</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 5,807
Deferred revenues	<u>29,168</u>
Total Current Liabilities	<u>34,975</u>

Noncurrent Liabilities

Compensated absences payable	<u>51,521</u>
Total Liabilities	<u>86,496</u>

NET ASSETS

Investment in capital assets, net of related debt	2,200,380
Unrestricted	<u>15,698,826</u>
Total Net Assets	<u>17,899,206</u>

Total Liabilities and Net Assets	<u><u>\$ 17,985,702</u></u>
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The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
CADD O LEVEE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
General Government					
Personal services	\$ 618,518	\$ 0	\$ 0	\$ 0	\$ (618,518)
Travel	8,200	0	0	0	(8,200)
Operating services	639,836	0	0	0	(639,836)
Supplies	36,315	0	0	0	(36,315)
Professional services	59,133	0	0	0	(59,133)
Depreciation	<u>119,519</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(119,519)</u>
Total General Government	<u>\$ 1,481,521</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(1,481,521)</u>
General Revenues:					
Taxes					425,915
State revenue sharing					28,939
Interest income					556,092
Royalties, leases and timber sales					511,371
Miscellaneous					<u>45,738</u>
Total General Revenues					<u>1,568,055</u>
Change in Net Assets					86,534
Net Assets, Beginning of year as restated					<u>17,812,672</u>
Net Assets, End of year					<u>\$17,899,206</u>

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA
CADD O LEVEE DISTRICT
BALANCE SHEET
JUNE 30, 2002**

ASSETS

Cash and cash equivalents	\$ 15,695,470
Accounts receivable	41,162
Total Assets	<u>15,736,632</u>

LIABILITIES AND FUND BALANCES**Liabilities**

Accounts payable and accruals	5,807
Deferred revenues	29,168
Total Liabilities	<u>34,975</u>

Fund Balances

Unrestricted	15,701,657
Total Fund Balances	<u>15,701,657</u>

Total Liabilities and Fund Balances	\$ <u>15,736,632</u>
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The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
CADDO LEVEE DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2002

Total Fund Balances for Governmental Funds (Exhibit C) \$ 15,701,657

Total Net Assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 1,619,514	
Building improvements, net of \$56,792 in accumulated depreciation	55,321	
Automobiles and equipment, net of \$925,919 in accumulated depreciation	525,545	
Total Capital Assets		2,200,380

Accrued interest, not available to pay for current period expenditures and therefore not reported in the fund assets.		48,690
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Long-term liabilities, including compensated absences payable are not due and payable in the current period and therefore are not reported in the fund liabilities.		(<u>51,521</u>)
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Total Net Assets of Governmental Activities (Exhibit A)		<u>\$ 17,899,206</u>
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The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
CADDO LEVEE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

REVENUES		
Taxes	\$	425,915
State revenue sharing		28,939
Interest income		983,082
Royalties, leases and timber sales		511,371
Miscellaneous		45,738
		<hr/>
Total Revenues		1,995,045
EXPENDITURES		
General government		
Personal services		620,332
Travel		8,200
Operating services		638,436
Supplies		36,315
Professional services		59,133
Capital outlay		62,663
		<hr/>
Total Expenditures		1,425,079
		<hr/>
Excess (Deficiency) of Revenues Over Expenditures		569,966
Fund Balance, Beginning of year		15,131,691
		<hr/>
Fund Balances, End of year	\$	<u>15,701,657</u>

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
CADDO LEVEE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2002

Net Change in Fund Balances-Total Governmental Funds (Exhibit E)	\$	569,966
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The change in Net Assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$119,519) exceeds capital outlays (\$62,663) in the current period.	(56,856)
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Some revenues reported in the statement of activities, such as accrued interest income, do not provide current financial resources and are not reported as revenues in the governmental fund.	(426,990)
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Governmental funds report only the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of fixed assets. There were no proceeds.	(1,400)
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Some expense reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		<u>1,814</u>
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Change in Net Assets of Governmental Activities (Exhibit B)	\$	<u><u>86,534</u></u>
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The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002**

INTRODUCTION

The Caddo Levee District, a component unit of the State of Louisiana, was created by the Louisiana State Legislature under the provisions of Louisiana Constitution of 1974, Article 6, Section 34, and includes all of Caddo Parish. The Levee District primarily provides flood protection for those areas contained in the District. The Board of Commissioners administers the operations and responsibilities of the Levee District in accordance with the provisions of Louisiana statute. The seven members of the Board of Commissioners which governs the District are appointed by the governor of the State of Louisiana.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Caddo Levee District's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain significant changes in the Statement include the following:

For the first time the financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the District's activities.

A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The District has elected to implement the general provisions of the Statement in the current year.

A. Reporting Entity

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The levee district is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the board members and can impose his will on the district. The accompanying general purpose financial statements present information only as to the transactions of the Caddo Levee District. Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements.

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002
(Continued)**

B. Basic Financial Statements – Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the funds maintained by the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general fund is classified as governmental activities.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The District's net assets are reported in two parts – invested in capital assets and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (interest income). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which must be directly associated with the function. The net costs (by function) are normally covered by general revenue (interest income).

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the District are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District:

1. Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon *determination of financial position and changes in financial position (sources, uses, and balances of financial resources)* rather than upon net income. The following is a description of the governmental funds of the District:
 - a. General funds are the general operating funds of the District. They are used to account for all financial resources except those required to be accounted for in another fund.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002
(Continued)**

1. Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. There were no encumbrances outstanding at year-end.

F. Budgetary Accounting

Formal budgetary accounting is employed as a management control. The District prepares and adopts a budget prior to July 1 of each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting. The District amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year end.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements include the original appropriation plus subsequent amendments.

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002
(Continued)**

G. Cash and Cash Equivalents

Deposits With Financial Institutions

For the purpose of the Statement of Cash Flows and consistent with GASB Statement 9, the District defines cash and cash equivalents as follows:

Cash – includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may *deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.*

Cash equivalents – includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

H. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

I. Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2002, \$0 were considered to be uncollectible.

J. Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible fixed assets used by the District are charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Assets. Depreciation is computed using the straight-line method over the useful lives of the assets, generally 10 to 40 years for buildings and building improvements and 3 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewal and betterments are capitalized.

(Continued)

**STATE OF LOUISIANA
CADD O LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002
(Continued)**

K. Compensated Absences

District employees, both classified and unclassified, earn annual and sick leave at various rates depending on the number of years in service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, an employee is compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, the number of hours of unused sick leave is computed and considered in computing the years of service for retirement benefit purposes.

L. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law, the Caddo Levee District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the District may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer. The deposits at June 30, 2002, were secured as follows:

(Continued)

**STATE OF LOUISIANA
CADD O LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002
(Continued)**

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Deposits in bank accounts	<u>\$ 695,470</u>	<u>\$15,000,000</u>	<u>\$ 15,695,470</u>
Bank Balances:			
1. Insured or collateralized with securities held by the entity or its agency in the entity's name	\$ 25,000	\$ 200,000	\$ 225,000
2. Collateralized with securities held by the pledging Institution's trust department or agent in the entity's Name			
3. Uncollateralized, including any securities held for the entity by not in the entity's name	<u>712,136</u>	<u>14,800,000</u>	<u>15,512,136</u>
Total Bank Balances	<u>\$ 737,136</u>	<u>\$15,000,000</u>	<u>\$ 15,737,136</u>

NOTE 3 ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at June 30, 2002:

<u>Class of Receivable</u>	
Ad Valorem Taxes	\$ 3,036
Interest	48,690
Royalties, leases, and timber sales	37,417
Other	<u>709</u>
Total	<u>\$ 89,852</u>

(Continued)

STATE OF LOUISIANA
CADD0 LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002
(Continued)

NOTE 4 CAPITAL ASSETS

A summary of the Caddo Levee District's capital assets at June 30, 2002 follows:

	Balance June 30, 2001	Additions	Retirements	Balance June 30, 2002
Capital Assets, not being depreciated				
Land	\$ 1,619,514	\$ 0	\$ 0	\$ 1,619,514
Total Capital Assets, not being depreciated	<u>1,619,514</u>	<u>0</u>	<u>0</u>	<u>1,619,514</u>
Capital Assets, being depreciated				
Buildings and building improvements	112,113	0	0	112,113
Less accumulated depreciation	(54,948)	(1,844)	0	(56,792)
Total Buildings and building Improvements	<u>57,165</u>	<u>(1,844)</u>	<u>0</u>	<u>55,321</u>
Automobiles and equipment	1,430,656	81,163	(60,355)	1,451,464
Less accumulated depreciation	(848,699)	(117,675)	40,455	(925,919)
Total Automobiles and equipment	<u>581,957</u>	<u>(36,512)</u>	<u>(19,900)</u>	<u>525,545</u>
Total Capital Assets, being depreciated	<u>639,122</u>	<u>(38,356)</u>	<u>(19,900)</u>	<u>580,866</u>
Total Capital Assets, net	<u>\$ 2,258,636</u>	<u>\$ (38,356)</u>	<u>\$ (19,900)</u>	<u>\$ 2,200,380</u>

NOTE 5 ACCOUNTS PAYABLE

The following is a summary of accounts payable at June 30, 2002:

<u>Class of Payable</u>	
Vendor	\$ 1,593
Salaries	3,763
Payroll taxes	<u>451</u>
Total	<u>\$ 5,807</u>

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 20
(Continued)**

NOTE 6 COMPENSATED ABSENCES

At June 30, 2002, employees of the Caddo Levee District have accumulated \$51,521 in annual leave benefits which were computed in accordance with GASB Codification Section C 60. The following is a summary of the changes in accumulated annual leave benefits for the year ended June 30, 2002.

Compensated absences payable, beginning of year	\$ 53,335
Additions	41,257
Deletions	<u>(43,071)</u>
Compensated absences payable, end of year	<u>\$ 51,521</u>

NOTE 7 RETIREMENT SYSTEM

Substantially all of the employees of the Caddo Levee District are members of the La State Employees Retirement System (System), a cost sharing multiple-employer, defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time employees of the District are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service.

Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal years ended June 30, 2002 and 2001 was 13% of annual covered payroll, and was 12.3% for the fiscal year ended June 30, 2000. The contribution requirements of plan members and the office are established and may be amended by state statute. As provided by state statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System for the years ending June 30, 2002, 2001, and 2000, were \$48,110, \$46,922, and \$48,878, respectively, equal to the required contributions for each year.

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002
(Continued)**

NOTE 8 POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Caddo Levee District currently provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the District's employees become eligible for these benefits if they reach normal retirement age while working for the District. The District pays similar benefits for its retirees and active employees. These benefits are provided through an insurance company whose monthly premiums are paid jointly. The District recognizes the cost of providing these benefits as an expense when the monthly premiums are paid, which totaled \$38,083 for the year ended June 30, 2002. The cost of providing these benefits to retirees totaled \$18,592 for the year ended June 30, 2002. As of June 30, 2002, there were 13 active employees and 6 retirees participating in the plan.

NOTE 9 RISK MANAGEMENT

The Caddo Levee District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

NOTE 10 LITIGATION

There were no outstanding litigation against the Caddo Levee District at June 30, 2002.

NOTE 11 DEFERRED REVENUE

Deferred revenue of \$29,168 represents payments received for surface leases for periods subsequent to June 30, 2002.

NOTE 12 LEVEE DISTRICT TAXES

Article 6, Section 39 of the Louisiana Constitution of 1974 provides that, for the purpose of constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection, and for all other purposes incidental thereto, the levee district may annually levy a tax not to exceed five mills. If the levee district needs to raise additional funds in excess of the amount collected constitutionally, the taxes in excess of five mills must be approved by the majority of the vote of the electors. The levee district has levied a tax of 3.21 mills.

(Continued)

**STATE OF LOUISIANA
CADD0 LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002
(Continued)**

NOTE 13 PROFESSIONAL SERVICE PAYMENTS

During the year ended June 30, 2002, the District made one payment of \$6,400 to a contractor for engineering fees.

NOTE 14 PRIOR-YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning net assets for June 30, 2002.

Fund Balance, beginning of year as previously reported	\$ 15,131,691
Adjustments: Investments in Capital Assets, beginning of year	3,162,283
Compensated Absences, beginning of year	(53,335)
Accumulated Depreciation, beginning of year	(903,647)
Accrued Interest, beginning of year	<u>475,680</u>
Net Assets, beginning of year as restated	<u>\$ 17,812,672</u>

SUPPLEMENTAL SCHEDULES

**STATE OF LOUISIANA
CADD0 LEVEE DISTRICT
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2002**

<u>Commissioners</u>	
James G. Adger	\$ 1,575
James B. Harris	1,200
Andrew J. Hodges, III	1,125
Dan P. Logan, Jr.	675
Willie Washington	1,050
Harold White	1,500
Kenneth Wilson	<u>1,500</u>
Total	<u>\$ 8,625</u>

The schedule of compensation paid board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 38:308 and are included in the personal services expenses. Board members are paid \$75 per day to a maximum of 36 days per year for board meetings and/or official business. The board president may receive compensation not to exceed \$1,000 per month in lieu of per diem.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF STATE FUNDING
FOR THE YEAR ENDED JUNE 30, 2002**

DESCRIPTION OF FUNDING

State Revenue Sharing	\$ <u>28,939</u>
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Supplementary information. Presented as additional analytical data.

**STATE OF LOUISIANA
CADD O LEVEE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002**

	Original Budget	Actual	Variance Fav./(Unfav.)
REVENUES			
Taxes	\$ 300,000	\$ 425,915	\$ 125,915
State revenue sharing	25,000	28,939	3,939
Interest income	750,000	983,082	233,082
Royalties, leases and timber sales	420,000	511,371	91,371
Miscellaneous	15,000	45,738	30,738
Total Revenues	<u>1,510,000</u>	<u>1,995,045</u>	<u>485,045</u>
EXPENDITURES			
General government			
Personal services	685,900	620,332	65,568
Travel	15,400	8,200	7,200
Operating services	4,553,065	638,436	3,914,629
Supplies	495,240	36,315	458,925
Professional services	215,000	59,133	155,867
Capital outlay	9,660,200	62,663	9,597,537
Total Expenditures	<u>15,624,805</u>	<u>1,425,079</u>	<u>14,199,726</u>
Excess (Deficiency) of Revenues Over	<u>(14,114,805)</u>	<u>569,966</u>	<u>14,684,771</u>
Fund Balance, Beginning of year	<u>14,114,805</u>	<u>15,131,691</u>	<u>1,016,886</u>
Fund Balances, End of year	<u>\$ 0</u>	<u>\$ 15,701,657</u>	<u>\$ 15,701,657</u>

Supplementary information. Presented as additional analytical data.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2002**

SECTION #1

SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

- | | |
|---|-------------|
| 1. Type of auditors' report issued. | Unqualified |
| 2. Internal control over financial reporting: | |
| a) Material weaknesses identified? | None |
| b) Reportable conditions identified not considered to be material weaknesses? | None |
| c) Noncompliance material to the financial statements noted? | None |

SECTION #2

FINANCIAL STATEMENT FINDINGS

None reported

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)

VICKIE D. NOBLE, CPA
TED D. GREER, CPA
C. BRYAN COYLE, CPA
ALICE E. S. GREEN, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Caddo Levee District
Shreveport, Louisiana

We have audited the basic financial statements of the Caddo Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 2002, and have issued our report thereon dated August 14, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Caddo Levee District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Caddo Levee District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the Caddo Levee District and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than the specified parties.



Cook & Morehart
Certified Public Accountants
August 14, 2002

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2002**

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
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Nothing came to our attention that would require disclosure under *Government Auditing Standards*.

**STATE OF LOUISIANA
CADD0 LEVEE DISTRICT
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2002**

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Correct Action Planned</u>	<u>Name (s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
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Nothing came to our attention that would require disclosure under *Government Auditing Standards*. A management letter was not issued.

DIVISION OF ADMINISTRATION REPORTING PACKAGE

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2002**

The Management's Discussion and Analysis of the Caddo Levee District is presented on pages 5–9 of this reporting package.

**STATE OF LOUISIANA
CADD0 LEVEE DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2002**

Statement A

ASSETS

Current Assets

Cash and cash equivalents	\$ 15,695,470
Accounts receivable	89,852
Total Current Assets	<u>15,785,322</u>

Noncurrent Assets

Capital assets being depreciated, net of accumulated depreciation	580,866
Capital assets not being depreciated - land	<u>1,619,514</u>
Total capital assets, net	<u>2,200,380</u>
Total Assets	<u>\$ 17,985,702</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 5,807
Deferred revenues	<u>29,168</u>
Total Current Liabilities	<u>34,975</u>

Noncurrent Liabilities

Compensated absences payable	<u>51,521</u>
Total Liabilities	<u>86,496</u>

NET ASSETS

Investment in capital assets, net of related debt	2,200,380
Unrestricted	<u>15,698,826</u>
Total Net Assets	<u>17,899,206</u>

Total Liabilities and Net Assets	<u>\$ 17,985,702</u>
----------------------------------	----------------------

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2002**

Statement B

OPERATING REVENUES

Operating grants and contributions	\$ 0
	<u>0</u>
Total Operating Revenues	<u>0</u>

OPERATING EXPENSES

Personal services	618,518
Travel	8,200
Operating services	639,836
Supplies	36,315
Professional services	59,133
Depreciation	119,519
Total Operating Expenses	<u>1,481,521</u>
Operating Income(Loss)	<u>(1,481,521)</u>

NON-OPERATING REVENUES(EXPENSES)

Taxes	425,915
State revenue sharing	28,939
Interest income	556,092
Royalties, leases and timber sales	511,371
Miscellaneous	45,738
Total Non-Operating Revenues(Expenses)	<u>1,568,055</u>

Change in Net Assets	<u>86,534</u>
Total Net Assets, Beginning of year, as restated	<u>17,812,672</u>
Total Net Assets, End of year	<u>\$ 17,899,206</u>

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2002**

Statement C

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
				Net (Expense) Revenue and Changes in Net Assets
Caddo Levee District	\$ <u>1,481,521</u>	\$ <u> </u>	\$ <u> </u>	\$ <u>(1,481,521)</u>
General revenues:				
Taxes				425,915
State revenue sharing				28,939
Interest income				556,092
Royalties, leases and timber sales				511,371
Miscellaneous				<u>45,738</u>
Total General Revenues				<u>1,568,055</u>
Change in Net Assets				86,534
Net Assets, Beginning of year as restated				<u>17,812,672</u>
Net Assets, End of year				\$ <u><u>17,899,206</u></u>

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
CADD O LEVEE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2002**

Statement D

Cash Flows From Operating Activities	
Cash payments to suppliers for goods and services	\$ (767,854)
Cash payments to employees for services	(620,355)
Other operating revenues/(expenses)	0
Net Cash From Operating Activities	<u>(1,388,209)</u>
Cash Flows From Non-Capital Financing Activities	
Cash receipts of taxes	425,915
Cash receipts of state revenue sharing	28,939
Cash receipts of royalties, leases and timber sales	517,718
Cash receipts of miscellaneous revenues	45,738
Net Cash From Non-Capital Financing Activities	<u>1,018,310</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition/construction of capital assets	<u>(64,063)</u>
Net Cash From Capital and Related Financing Activities	<u>(64,063)</u>
Cash Flow From Investing Activities	
Interest income	<u>983,082</u>
Cash Flow From Investing Activities	<u>983,082</u>
Net increase(decrease) in cash and cash equivalents	549,120
Cash, Beginning of year	<u>15,146,350</u>
Cash, End of year	\$ <u><u>15,695,470</u></u>
Reconciliation of Operating Loss to Net Cash Provided	
By/(Used In) Operating Activities	
Operating income (loss)	\$ (1,481,521)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation expense	119,519
(Increase)/decrease in operating assets	
Increase/(decrease) in operating liabilities	
Accounts payable and accruals	<u>(26,207)</u>
Net Cash Flows From Operating Activities	\$ <u><u>(1,388,209)</u></u>

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002**

INTRODUCTION

The Caddo Levee District, a component unit of the State of Louisiana, was created by the Louisiana State Legislature under the provisions of Louisiana Constitution of 1974, Article 6, Section 34, and includes all of Caddo Parish. The Levee District primarily provides flood protection for those areas contained in the District. The Board of Commissioners administers the operations and responsibilities of the Levee District in accordance with the provisions of Louisiana statute. The seven members of the Board of Commissioners which governs the District are appointed by the governor of the State of Louisiana.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Caddo Levee District present information only as to the transactions of the programs of the Caddo Levee District as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Caddo Levee District are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002
(Continued)**

B. BUDGETARY ACCOUNTING

Formal budgetary accounting is employed as a management control. The District prepares and adopts a budget prior to July 1 of each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the modified accrual basis of accounting. The District amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year end.

The appropriations made for the operations of the various programs of the Caddo Levee District are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements include the original appropriation plus subsequent amendments as follows:

	APPROPRIATIONS
Original approved budget	\$ 15,624,805
Amendments:	NONE
Final approved budget	\$ <u>15,624,805</u>

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Caddo Levee District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Caddo Levee District may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

(Continued)

STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002
(Continued)

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer. The deposits at June 30, 2002, were secured as follows:

	Deposits in bank accounts			Total
	Cash	Certificates of Deposit	Other (Describe)	
Deposits in bank accounts per balance sheet	\$ <u>695,470</u>	\$ <u>15,000,000</u>	\$ <u> </u>	\$ <u>15,695,470</u>
Bank balances:				
1. Insured or collateralized with securities held by the entity or its agency <u>in the entity's name</u>	<u>25,000</u>	<u>200,000</u>	<u> </u>	<u>225,000</u>
2. Collateralized with securities held by the pledging institution's trust department or agent <u>in the entity's name</u>	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
3. Uncollateralized, including any securities held for the entity <u>but not in the entity's name</u>	<u>712,136</u>	<u>14,800,000</u>	<u> </u>	<u>15,512,136</u>
Total bank balances	\$ <u>737,136</u>	\$ <u>15,000,000</u>	\$ <u>0</u>	\$ <u>15,737,136</u>

NOTE: The "Total Bank Balances" will not necessarily equal the "Deposits in Bank Account per Balance Sheet".

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

1. Bancorp South	General Funds	\$ 14,337,136
2. Hibernia National Bank	General Funds	<u>1,400,000</u>
Total		\$ <u>15,737,136</u>

(Continued)

**STATE OF LOUISIANA
CADD O LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002
(Continued)**

Were uncollateralized securities fitting the description in (3) above during the year significantly greater than at June 30, 2002 (last day of your fiscal year)? No If yes, attach a statement listing the amount(s) and a reason for this occurrence.

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included in the balance sheet.

Cash in State Treasury	\$	<u>0</u>
Petty cash	\$	<u>0</u>

2. INVESTMENTS

N/A

(Continued)

**STATE OF LOUISIANA
CADD O LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002
(Continued)**

D. CAPITAL ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the statement of net assets of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity are charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets.

	Year ended June 30, 2002		
	Balance 6/30/2001	Additions	Balance 6/30/2002
Capital assets not being depreciated			
Land	1,619,514	--	1,619,514
Total capital assets not being depreciated	<u>1,619,514</u>	<u>--</u>	<u>1,619,514</u>
Other capital assets			
Furniture, fixtures, and equipment	1,430,656	81,163	1,451,464
Less accumulated depreciation	(848,699)	(117,675)	(925,919)
Total furniture, fixtures, and equipment	<u>581,957</u>	<u>(36,512)</u>	<u>525,545</u>
Buildings and improvements	112,113	--	112,113
Less accumulated depreciation	(54,948)	(1,844)	(56,792)
Total buildings and improvements	<u>57,165</u>	<u>(1,844)</u>	<u>55,321</u>
Total other capital assets	<u>639,122</u>	<u>(38,356)</u>	<u>580,866</u>
Capital Asset Summary:			
Capital assets not being depreciated	1,619,514	--	1,619,514
Other capital assets, at cost	1,542,769	81,163	1,563,577
Total cost of capital assets	3,162,283	81,163	3,183,091
Less accumulated depreciation	(903,647)	(119,519)	(982,711)
Capital assets, net	<u>2,258,636</u>	<u>(38,356)</u>	<u>2,200,380</u>

E. INVENTORIES

N/A

(Continued)

**STATE OF LOUISIANA
CADD0 LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002
(Continued)**

F. RESTRICTED ASSETS

N/A

G. LEAVE

COMPENSATED ABSENCES

The Caddo Levee District has the following policy on annual and sick leave:

District employees, both classified and unclassified, earn annual and sick leave at various rates depending on the number of years in service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, an employee is compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, the number of hours of unused sick leave is computed and considered in computing the years of service for retirement benefit purposes.

At June 30, 2002, employees of the Caddo Levee District had accumulated \$51,521 in annual leave benefits which were computed in accordance with GASB Codification Section C 60. The following is a summary of the changes in accumulated annual leave benefits for the year ended June 30, 2002.

Compensated absences payable, beginning of year	\$ 53,131
Additions	41,461
Deletions	<u>(43,071)</u>
Compensated absences payable, end of year	<u>\$ 51,521</u>

H. RETIREMENT SYSTEM

Substantially all of the employees of the Caddo Levee District are members of the La State Employees Retirement System (System), a cost sharing multiple-employer, defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time Caddo Levee District employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service.

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002
(Continued)**

Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal years ended June 30, 2002 and 2001 was 13% of annual covered payroll, and was 12.3% for the fiscal year ended June 30, 2000. The contribution requirements of plan members and the office are established and may be amended by state statute. As provided by state statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System for the years ending June 30, 2002, 2001, and 2000, were \$48,110, \$46,922, and \$48,878, respectively, equal to the required contributions for each year.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

GASB 12 requires the following disclosures about an employer's accounting for post retirement health care and life insurance benefits:

1. A description of the benefits provided and the employee group covered.
2. A description of the accounting and funding policies followed for those benefits.
3. The cost of those benefits recognized for the period, unless the costs are not readily determinable.**
4. The effect of significant matters affecting the comparability of the costs recognized for all periods presented.

**If the cost of any post retirement health care or life insurance benefits cannot readily be separated from the cost of providing such benefits for active employees or otherwise be reasonably approximated, the total cost of providing those benefits to active employees and retirees, as well as the number of active employees and the number of retirees covered by the plan must be disclosed.

Substantially all Caddo Levee District employees become eligible for post employment health care, dental and life insurance benefits if they reach normal retirement age while working for the Caddo Levee District. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the Caddo Levee District. For 2002, the cost of providing those benefits for the retirees totaled \$18,592.

(Continued)

**STATE OF LOUISIANA
CADDO LEEVE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002
(Continued)**

The Caddo Levee District provides certain continuing health care and life insurance benefits for its retired employees. Substantially all Caddo Levee District employees become eligible for those benefits if they reach normal retirement age while working for the Caddo Levee District. Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the Caddo Levee District. The Caddo Levee District recognizes the cost of providing these benefits (Caddo Levee District's portion of premiums) as an expenditure when paid during the year, which was \$38,083 for the year ended June 30, 2002. The Caddo Levee District's cost of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 2002 the cost of providing benefits to 6 retirees totaled \$18,592.

J. LEASES

N/A

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2002:

	Balance June 30, 2001	Additions	Reductions	Balance June 30, 2002
Compensated absences	\$ 53,335	\$ 41,257	\$ (43,071)	\$ 51,521

L. LITIGATION

There were no outstanding litigation against the Caddo Levee District at June 30, 2002.

M. RELATED PARTY TRANSACTIONS

N/A

(Continued)

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002
(Continued)**

N. ACCOUNTING CHANGES

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain significant changes in the Statement include the following:

For the first time the financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the District’s overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the District’s activities.

A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The District has elected to implement the general provisions of the Statement in the current year.

O. IN-KIND CONTRIBUTIONS

N/A

P. DEFEASED ISSUES

N/A

Q. COOPERATIVE ENDEAVORS

N/A

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

N/A

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

N/A

T. SHORT-TERM DEBT

N/A

(Continued)

**STATE OF LOUISIANA
CADD O LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002
(Continued)**

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2002, were as follows:

<u>Class of Receivable</u>	
Ad Valorem Taxes	\$ 3,036
Interest	48,690
Royalties, leases, and timber sales	37,417
Other	<u>709</u>
Total	<u>\$ 89,852</u>

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2002, were as follows:

<u>Class of Payable</u>	
Vendor	\$ 1,593
Salaries	3,763
Payroll taxes	<u>451</u>
Total	<u>\$ 5,807</u>

W. SUBSEQUENT EVENTS

N/A

X. SEGMENT INFORMATION

N/A

Y. DUE TO/DUE FROM AND TRANSFERS

N/A

(Continued)

**STATE OF LOUISIANA
CADD0 LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002
(Continued)**

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

N/A

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning net assets for June 30, 2002.

Fund Balance, beginning of year as previously reported	\$ 15,131,691
Adjustments: Investments in Capital Assets, beginning of year	3,162,283
Compensated Absences, beginning of year	(53,335)
Accumulated Depreciation, beginning of year	(903,647)
Accrued Interest, beginning of year	<u>475,680</u>
Net Assets, beginning of year as restated	<u>\$ 17,812,672</u>

(NOTE: Net Assets at July 1, 2001, previously reported, must correspond to Net Assets at June 30, 2002, per the information received from OSRAP.)

STATE OF LOUISIANA
CADD0 LEVEE DISTRICT
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2002

<u>Commissioners</u>	
James G. Adger	\$ 1,575
James B. Harris	1,200
Andrew J. Hodges, III	1,125
Dan P. Logan, Jr.	675
Willie Washington	1,050
Harold White	1,500
Kenneth Wilson	<u>1,500</u>
Total	<u>\$ 8,625</u>

The schedule of compensation paid board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 38:308 and are included in the personal services expenses. Board members are paid \$75 per day to a maximum of 36 days per year for board meetings and/or official business. The board president may receive compensation not to exceed \$1,000 per month in lieu of per diem.

Supplementary information. Presented as additional analytical data.

**STATE OF LOUISIANA
CADD0 LEVEE DISTRICT
SCHEDULE OF STATE FUNDING
FOR THE YEAR ENDED JUNE 30, 2002**

DESCRIPTION OF FUNDING

State Revenue Sharing	<u>\$ 28,939</u>
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Supplementary information. Presented as additional analytical data.

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE
JUNE 30, 2002**

NONE

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF NOTES PAYABLE
JUNE 30, 2002**

NONE

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF BONDS PAYABLE
JUNE 30, 2002**

NONE

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION
FOR THE YEAR ENDED JUNE 30, 2002**

NONE

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF CAPITAL LEASE AMORTIZATION
FOR THE YEAR ENDED JUNE 30, 2002**

NONE

**STATE OF LOUISIANA
CADD0 LEVEE DISTRICT
SCHEDULE OF NOTES PAYABLE AMORTIZATION
FOR THE YEAR ENDED JUNE 30, 2002**

NONE

**STATE OF LOUISIANA
CADDO LEVEE DISTRICT
SCHEDULE OF BONDS PAYABLE AMORTIZATION
FOR THE YEAR ENDED JUNE 30, 2002**

NONE